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TAGS: [PGOV](#) [KCOR](#) [KJUS](#) [KCRM](#) [PHUM](#) [PL](#)

SUBJECT: GAMBLING SCANDAL SHOWS LIMITS OF GOP'S
ANTI-CORRUPTION POLICY

REF: A. WARSAW 1039

[1](#)B. WARSAW 860

Classified By: Political Counselor Dan Sainz for reasons 1.4
(b) and (d).

[1](#)1. (C) SUMMARY: The recent "Gamble-gate" scandal reminded Poles that the Tusk Government has failed to make good on anti-corruption pledges, including a vow to create a "shield" against abuse of privatization and public tenders. Nor has the government passed promised laws to curb undue business influence over government decisions. Poland has some good legal and administrative tools to fight corruption, but they are not backed by clear regulations and guidelines to prevent conflict of interest. A lack of legislative openness and an excess of partisan posturing stand in the way of comprehensive measures. Generalized fear of corruption accusations continues to block effective governance and drag on the economy by delaying government procurement decisions, infrastructure investments and privatization. Although some hold out hope for stronger public disclosure requirements, a sweeping offensive against corruption is not in the cards.
END SUMMARY.

GAMBLING SCANDAL BRINGS CORRUPTION FRONT AND CENTER

[1](#)2. (SBU) "Gamble-gate" -- the largest corruption scandal in PM Tusk's two years in office -- brought renewed attention to the Tusk Government's anti-corruption policy. Allegations that government officials tied to gambling interests inappropriately sought to weaken the government's draft gambling law triggered the speedy dismissal of several cabinet ministers and advisors. Among the heads to roll was that of Tusk's close friend and "right hand" Deputy PM / Interior Minister Grzegorz Schetyna, who was demoted to Civic Platform (PO) parliamentary caucus chair (ref A). According to the Central Anti-Corruption Bureau (CBA), the weaker provisions would have cost the Treasury an estimated 500 billion PLN (about 175 billion USD) in revenue and made it harder for government regulators to track the flow of money through slot machines, which organized crime groups reportedly use to launder money.

[1](#)3. (SBU) Aware of the Poles' deep-seeded distrust of the political class, Tusk moved quickly to restore public confidence in his government. Besides the dismissals, he proposed restrictions on gambling, including a ban on internet gambling, video lotteries, and slot machines outside of licensed casinos. While Tusk's post-scandal actions were welcomed, the opposition and some watchdog groups have accused him of trying to distract public attention from the scandal itself. Media have also expressed concern that a PO parliamentarian will chair the independent legislative commission set up to investigate the "Gamble-gate" allegations.

OPPOSITION, WATCHDOGS FAULT GOVERNMENT INACTION

¶4. (SBU) According to Grazyna Czubek of the Batory Foundation's Anti-Corruption Program, PO has fallen short on campaign promises made in the 2007 parliamentary elections. The PO-controlled parliament has failed to remove weaknesses and loopholes that make the legislative process vulnerable to corruption. Czubek pointed to Tusk's May 2008 instructions to the heads of Polish security services to create an "anti-corruption shield" that would investigate privatization and public tenders in Poland. The shield was to examine over 161 public tenders and 79 undertakings to privatize state-owned companies, including the Szczecin and Gdynia shipyards. To date, the Council of Ministers has taken no action, and the government has not formalized the directive. Nor has PO produced the legislative fixes promised after a March 2009 conflict of interest scandal involving Senator Tomasz Misiak (ref B).

¶5. (SBU) Critics also cite the government's failure to introduce a long-promised comprehensive anti-corruption law, stalled for months in the Council of Ministers. Indeed, the corruption scandal prompted a public round of finger-pointing between Tusk's anti-corruption czar Julia Pitera and minister-without-portfolio Michal Boni, who chairs the standing committee of the Council of Ministers. Pitera accused cabinet ministers and their aides of blocking her blueprint for anti-corruption legislation in order to protect mid-level officials' privileges. In response, Boni claimed Pitera had failed to submit finished drafts, to obtain a legal opinion from the legislative council, and to undertake public consultations.

¶6. (SBU) According to some watchdog groups, Pitera's

WARSAW 00001113 002 OF 002

allegations might not be far off the mark. Experts at the Sobieski Institute and the Adam Smith Center argue that Poland's mid-level bureaucrats form a "bureaucratic state within a state" that blocks the free flow of information among society, entrepreneurs, and decision-making bodies. Lobbyists often encourage these mid-level bureaucrats to impede legislative and regulatory change outside the spotlight of media or law enforcement scrutiny.

¶7. (SBU) Pitera was widely criticized within PO for picking the worst possible moment -- i.e., after the corruption scandal -- to make her allegations. Her proposed legislative fixes have also been roundly criticized. PO parliamentarian Jaroslaw Gowin claimed that Pitera proposed an impractical and unenforceable firewall between business and politics. Instead, Gowin and others have proposed stronger public disclosure requirements and a more open dialogue between politicians and the business community, rather than stigmatizing talks with entrepreneurs and driving them underground. Toward similar ends, Sejm Speaker Bronislaw Komorowski is expected soon to put forward new financial disclosure requirements that would in effect block Pitera's initiative.

CIVIC PLATFORM GETTING ITS ACT TOGETHER?

¶8. (U) In an attempt to polish the PO's image in the wake of Gamble-gate, new parliamentary caucus chair Schetyna appointed two deputies to draft a party code of ethics which aims to create an anti-lobbying shield. He also announced that more of PO's initiatives would come out of parliament, rather than the government, in part to boost transparency. Schetyna also said that to track bills' progress through the Sejm, the PO would use a roadmap that is accessible to the public. In addition, the parliamentary caucus will require MPs to submit activity reports, which will be used to evaluate MPs' performance.

THE WAY FORWARD -- FIX THE LEGISLATIVE PROCESS

¶9. (SBU) Polish anti-corruption experts take issue with political parties' preference for smaller legislative fixes,

rather than comprehensive models for fighting corruption. Antoni Kaminski, professor of political science at the Polish Academy of Sciences, notes that the Sejm assesses its work based on the quantity and not the quality of adopted bills. According to an Ernst and Young report, poor-quality Polish legislation lacks vision and is too narrowly focused. Andrzej Zoll, former Human Rights Ombudsman and judge of the Constitutional Tribunal, argues that Polish laws are incoherent and therefore hard to implement. Instead of a more-is-better approach, Zoll proposed that the Sejm focus on reversing laws that complicate regulatory processes. The Anti-Corruption Coalition of NGOs (AKOP) recently proposed mandatory legislative hearings and a public consultation process similar to the American one, to make lawmakers more accountable.

FIGHTING CORRUPTION TOO POLITICAL

¶10. (SBU) According to Edmund Wnuk-Lipinski, the rector at Collegium Civitas, the fiercely partisan nature of efforts to fight corruption limits their impact. Rather than rooting out the causes of corruption, parties like Law and Justice (PiS) use allegations to conduct witch hunts. Despite the major parties' pledge to fight corruption, they have failed to create a non-partisan anti-corruption platform that unites all parties.

COMMENT

¶11. (C) The gambling scandal and the havoc it wrought on Tusk's cabinet highlighted the urgency of taking on corruption and conflict of interest, but comprehensive new laws are unlikely to emerge. Politicians find it hard to reach across party lines to enact the needed laws, particularly since the opposition Law and Justice (PiS) uses corruption allegations as a political tool. Fear of the latter seriously impedes government decision-making, effectively stalling long-overdue infrastructure investments, procurement and privatization. Piecemeal measures to require greater public disclosure and transparency are the likeliest salves in the short term, but there is a strong risk the final products will be too watered-down to have much impact. Absent new laws and a more open policy process, the judiciary -- backlogged, inefficient, and itself tainted by public distrust -- will remain the primary mechanism for fighting corruption.

TULLEY